

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 1243

Short Title: STEM Teacher Forgivable Loan Program. (Public)

Sponsors: Representatives Hanes, Lambeth, Ramsey, and Holloway (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Appropriations.

May 28, 2014

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH A FORGIVABLE LOAN PROGRAM FOR PROSPECTIVE
3 STEM AND SPECIAL EDUCATION TEACHERS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 23 of Chapter 116 of the General Statutes is amended by
6 adding a new Part to read:

7 "Part 3. North Carolina STEM and Special Education Scholars Program.

8 **"§ 116-209.60. Forgivable education loans for prospective science, technology,
9 engineering, mathematics, and special education teachers.**

10 (a) Policy. – The General Assembly finds that it is in the public interest to provide
11 financial assistance in the form of forgivable loans for service to exemplary high school seniors
12 who are committed to working as teachers of science, technology, engineering, mathematics
13 (STEM), or special education in the North Carolina public schools.

14 (b) Definitions. – The following definitions apply in this Part:

15 (1) Authority. – The State Education Assistance Authority.

16 (2) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and
17 G.S. 116-201(b)(6) and for purposes of this Part only, an institution of
18 higher education that is a postsecondary constituent institution of The
19 University of North Carolina as defined in G.S. 116-2(4).

20 (3) Fund. – The North Carolina STEM and Special Education Scholars Fund.

21 (4) Loan. – A forgivable loan made under the North Carolina STEM and Special
22 Education Scholars Program.

23 (5) Program. – The North Carolina STEM and Special Education Scholars
24 Program.

25 (c) Establishment of the North Carolina STEM and Special Education Scholars
26 Program. – There is established the North Carolina STEM and Special Education Scholars
27 Program to be administered by the Authority. The purpose of the Program is to provide
28 forgivable loans for service to exemplary high school seniors who are committed to working as
29 teachers of science, technology, engineering, mathematics, or special education.

30 (d) The North Carolina STEM and Special Education Scholars Fund. – There is
31 established the North Carolina STEM Scholars Fund to be administered by the Authority. All
32 funds appropriated to or otherwise received by the Authority to provide loans through the
33 Program, all funds received as repayment of loans, and all interest earned on these funds shall
34 be placed in the Fund. The Fund shall be used only for (i) loans made pursuant to this section,



1 (ii) the administrative costs of the Authority, and (iii) costs incurred by the Board of Governors
2 in providing extracurricular activities to loan recipients.

3 (e) Eligibility for Loans. – The Authority shall establish the criteria for initial and
4 continuing eligibility to participate in the Program. All loan recipients shall be residents of
5 North Carolina and shall attend an eligible institution. The Authority shall adopt very stringent
6 standards, including minimum grade point average and scholastic aptitude test scores, for
7 awarding these scholarship loans to ensure that only the best high school seniors receive the
8 loans. Recipients of this loan shall not be eligible to concurrently receive forgivable loans
9 provided to teachers pursuant to G.S. 116-209.45.

10 (f) Loan Terms and Conditions. – The following terms and conditions shall apply to
11 each loan made pursuant to this section:

12 (1) Promissory note. – All loans shall be evidenced by promissory notes made
13 payable to the Authority.

14 (2) Interest. – All promissory notes shall bear an interest rate established by the
15 Authority that does not exceed ten percent (10%) and is in relation to the
16 current interest rate for nonneed-based federal loans made pursuant to Title
17 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
18 from the date of disbursement of the loan funds.

19 (3) Loan amount. – The loan amount shall be five thousand dollars (\$5,000) per
20 year at the date of establishment of this Program and legislation.
21 Notwithstanding this loan amount, it shall be the intent of this statute for the
22 Authority to provide Program recipients a loan as close as is practicable to
23 an amount equal to the average tuition, fees, and basic on-campus housing
24 costs of eligible institutions as of the previous school year. This loan shall
25 not include costs associated with meal plans and "cost-of-living"
26 considerations detailed by each eligible institution. The Authority shall be
27 the ultimate determinant of what equates to a practicable loan amount
28 beyond the aforementioned five thousand dollars (\$5,000).

29 (4) Repayment. – The Authority shall forgive the loan if, within six years after
30 graduation, the recipient teaches for four years at a North Carolina public
31 school or at a school operated by the United States government in North
32 Carolina. The Authority shall also forgive the loan if, within six years after
33 graduation, the recipient teaches for three consecutive years at a North
34 Carolina public school that, at the time the recipient accepts employment
35 with the local school administrative unit in which the school is located, is
36 low-performing, as identified by the State Board of Education pursuant to
37 G.S. 115C-105.37. The Authority shall have the authority to extend
38 repayment by one additional year at the sole discretion of the Authority. The
39 Authority shall collect cash repayments when service repayment is not
40 completed. The Authority shall establish the terms for cash repayment,
41 including a minimum monthly repayment amount and maximum period of
42 time to complete repayment.

43 (5) Death and disability. – The Authority may forgive all or part of a loan if it
44 determines that it is impossible for the recipient to repay the loan in cash or
45 service because of the death or disability of the recipient.

46 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
47 hardship circumstances when a good-faith effort has been made to repay the
48 loan in a timely manner.

49 (7) Other. – The Authority may establish other terms and conditions that are
50 necessary or convenient to effectuate the Program.

1 (g) Extracurricular Activities for Students. – The Board of Governors of The University
2 of North Carolina, in cooperation with the constituent institutions participating in the Program,
3 shall administer extracurricular activities for participating students. These students shall be
4 exposed to a range of extracurricular activities while attending their respective universities. The
5 activities should be geared toward instilling a strong motivation not only to remain in teaching
6 but to provide leadership for the K-12 public schools of North Carolina.

7 (h) Rule-Making Authority. – The Authority may adopt rules necessary to implement,
8 administer, and enforce the provisions of this section.

9 (i) Report to the General Assembly. – The Authority shall report no later than
10 December 1, 2015, and annually thereafter, to the Joint Legislative Education Oversight
11 Committee regarding the Fund and loans awarded from the Fund."

12 **SECTION 2.** There is appropriated from the General Fund to the Board of
13 Governors of The University of North Carolina the sum of two million nine hundred thousand
14 dollars (\$2,900,000) for the 2014-2015 fiscal year to implement the provisions of this act. It is
15 the intent of the General Assembly that the sum of five million four hundred thousand dollars
16 (\$5,400,000) shall be appropriated for the 2015-2016 fiscal year to implement the requirements
17 of this act. Of these funds:

- 18 (1) Two million five hundred thousand dollars (\$2,500,000) shall be used to
19 provide loans for the 2014-2015 academic year, and five million dollars
20 (\$5,000,000) shall be used to provide loans for the 2015-2016 academic
21 year.
- 22 (2) One hundred fifty thousand dollars (\$150,000) for the 2014-2015 fiscal year
23 and one hundred fifty thousand dollars (\$150,000) for the 2015-2016 fiscal
24 year shall be used for administration of the North Carolina STEM and
25 Special Education Scholars Program by the State Education Assistance
26 Authority.
- 27 (3) Two hundred fifty thousand dollars (\$250,000) for the 2014-2015 fiscal year
28 and two hundred fifty thousand dollars (\$250,000) for the 2015-2016 fiscal
29 year shall be used for extracurricular activities for loan recipients provided
30 by the Board of Governors.

31 **SECTION 3.** This act becomes effective July 1, 2014.